

STATE OF CALIFORNIA

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Date: June 19, 2000

PAYROLL LETTER # 00-012
CIVIL SERVICE ONLY

To: All Agencies in the Uniform State Payroll System

From: Ralph Zentner, Chief
Personnel/Payroll Operations Bureau

Re: PRE-TAX PARKING

IT HAS BEEN BROUGHT TO OUR ATTENTION THAT IN SOME AGENCIES THE PARKING DEDUCTION TRANSACTIONS ARE HANDLED BY INDIVIDUALS OTHER THAN EMPLOYEES WORKING IN THE PERSONNEL OFFICE. THEREFORE, IT IS IMPORTANT TO SHARE THIS PAYROLL LETTER WITH THE OFFICE THAT IS CURRENTLY AUTHORIZED TO SUBMIT PARKING DEDUCTION TRANSACTIONS.

INTRODUCTION

Effective with the June 2000 pay period, the Department of Personnel Administration (DPA) has established a pre-tax parking program. For details of this program, please refer to the DPA's Personnel Management Liaison (PML) memorandum 2000-024.

Pre-tax parking applies only to parking deductions withheld from employees' pay. If employee parking fees are not currently paid as a payroll deduction and the employee's parking vendor is not a payroll deduction company, departments may contact the DPA for assistance in expanding the pre-tax benefit to the employee (see DPA PML 2000-024).

TAX IMPLICATIONS

Under the DPA program, eligible parking deduction amounts up to \$175 per month are excluded from federal, state, Social Security and/or Medicare taxes. Should an employee's parking deduction amount exceed \$175 per month, the Controller's Office will establish two parking deductions, a pre-tax deduction for \$175 and a post-tax deduction for the balance of the total parking cost.

DEDUCTION CODES

Deduction code 360 has been assigned to the pre-tax parking program. Deduction code 050 will continue to be used for post-tax parking deductions. The organization codes will remain unchanged (i.e. the post-tax deduction/organization code for the Department of Motor Vehicles is 050-069 and the pre-tax code is 360-069). The current post-tax parking deduction code 050 will continue to be used for two reasons. First, not all deductions will be pre-taxed because federal tax regulations allow the employee to decline the pre-tax plan. Second, the employee's pay may not be eligible for a pre-tax deduction because it is non-taxable (i.e. Industrial Disability Leave).

IMPLEMENTATION

The Controller's Office will convert each employee's post-tax parking deduction to the equivalent pre-tax parking deduction without departmental action unless the employee has declined the pre-tax benefit or the employee has multiple parking deductions. Employees who declined the pre-tax parking benefit or have multiple parking deductions will remain in the post-tax deduction code 050. Pursuant to direction by the DPA, employees having multiple payroll parking deductions will be excluded from the pre-tax benefit.

After the initial conversion in June 2000, on a monthly basis the Controller's Office will verify each employee's eligibility for pre-tax or post-tax parking deductions.

Please note, the pre-tax parking benefit is not extended to the Judicial Council, elected officials or judges.

DOCUMENT PROCESSING

Beginning June 19, 2000, when submitting the Payroll Deduction Authorization, Form CD88, enter 360 in the 'Deduction Code' field. Continue to send Forms CD88 to the Controller's Office, Miscellaneous Deductions Unit, on a daily basis. Forms CD88 must be received by the 15th of the month. Forms received after the 15th of the month may not be effective until the following month.

YEAR-TO-DATE INQUIRY (TAXI) SYSTEM AND EARNINGS STATEMENT/DIRECT DEPOSIT ADVICE ABBREVIATIONS

The pre-tax parking deduction will appear in the 'FLEX/DED' field on the Year To Date Detail 1 and the Year To Date Totals screens. The deduction will be listed on the Earnings Statement/Direct Deposit Advice in the Deductions area under the heading "*PARKING".

CONTACTS

Revisions to the Payroll Procedures Manual are forthcoming.

Please use the following contacts for assistance.

Payroll Letter	(916) 322-8109
Sandy Westlake	CALNET 492-8109

Document Processing	916) 324-1981
Miscellaneous Deductions Liaison	CALNET 454-1981

Pre-tax Parking Deduction Program Policy	(916) 322-5714
DPA, Policy Development Office	CALNET 492-5714

RZ: SW/PMAB